

Message Text

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ACTION STR-04

INFO OCT-01 STRE-00 ISO-00 FEA-01 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 EB-07 FRB-03 H-02 INR-07 INT-05 L-03

LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 AF-08

ARA-06 EA-07 EUR-12 NEA-10 OIC-02 IO-13 /139 W

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P R 221830Z JUL 76

FM USDEL MTN GENEVA

TO SECSTATE WASHDC PRIORITY 1780

INFO AMEMBASSY BRASILIA

AMEMBASSY BUENOS AIRES

AMEMBASSY CANBERRA

AMEMBASSY HELSINKI

AMEMBASSY LAGOS

AMEMBASSY MEXICO

AMEMBASSY NAIROBI

AMEMBASSY NEW DELHI

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY STOCKHOLM

AMEMBASSY TEL AVIV

AMEMBASSY TOKYO

AMEMBASSY VIENNA

AMEMBASSY WELLINGTON

AMCONSUL HONG KONG

ALL EC CAPITALS 108

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ACTION STR

H PASS CODEL

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E.O. 11652: N/A

TAGS: ETRD, MTN, GATT

SUBJECT: GROUP SAFEGUARDS MEETING, JULY 19-20, 1976

1. SUMMARY: HIGHLIGHT OF MTN GROUP SAFEGUARDS MEETING WAS TABLING OF THE UNITED STATES PROPOSAL FOR AN IMPROVED MULTILATERAL SAFEGUARDS SYSTEM. PRELIMINARY REACTION OF DELEGATIONS WHILE RESERVED ON DETAILS, REFLECTED BROAD AGREEMENT THAT U.S. PROPOSAL COULD PROVIDE A BASIS FOR DEVISING IMPROVED SYSTEM. LDC DISCUSSION OF MEXICAN AND EARLIER LDC PROPOSALS ASSERTED THOSE WERE "COMPLEMENTARY" TO US INITIATIVE, I.E., THEY DESCRIBED SPECIAL/DIFFERENTIAL TREATMENT LDCS THOUGHT MISSING FROM OTHERWISE SOUND U.S. PROPOSAL. MANY DELS SOUGHT ADDITIONAL INFORMATION AND CLARIFICATION OF CONCEPTS EMBODIED IN OUR PROPOSAL AND CONFIRMED INTEREST IN FURTHER EXAMINATION/DISCUSSION OF IT AT NEXT MEETING OF THE SAFEGUARDS GROUP, OCTOBER 27-29. END SUMMARY.

2. IN INTRODUCTORY STATEMENT, U.S. (HARTZELL) REVIEWED AND AMPLIFIED MAJOR ASPECTS OF U.S. PROPOSAL (IN FORM OF CONCEPTS PAPER), NOTING U.S. WAS PROPOSING AN INTERNATIONAL CODE SUPPLEMENTING ARTICLE XIX OF THE GATT TOGETHER WITH AGREEMENT ON ADDITIONAL BROADER OBLIGATIONS TO SUPPORT EQUITABLE SAFEGUARD SYSTEM. U.S. SEEKING TO REMEDY DEFICIENCIES IN THE PRESENT SYSTEM, I.E., EVIDENT RELUCTANCE OF GOVERNMENTS TO RELY ON CURRENTLY AGREED PROCEDURE AND LACK OF SPECIFICITY TO PROTECT ADEQUATELY INTERESTS OF BOTH IMPORTERS AND EXPORTERS. IN SUMMARY WE PROPOSE CODE WITH FOLLOWING FEATURES: (A) IT WOULD APPLY TO ALL TYPES OF MEASURES, INCLUDING VOLUNTARY EXPORT RESTRAINTS, IMPOSED TO PROVIDE DOMESTIC INDUSTRIES WITH TEMPORARY RELIEF FROM INJURIOUS IMPORT COMPETITION; (B) SIGNATORIES' SAFEGUARD MEASURES CONFORMING TO CODE WOULD NOT TRIGGER RETALIATION NOR OBLIGE COMPENSATION; (C) IMPORT-CAUSED SERIOUS INJURY TO DOMESTIC PRODUCERS WOULD CONTINUE TO BE THE BASIC CRITERION FOR IMPORT RELIEF; (D) OPEN PUBLIC PROCEDURES AND DECISIONS ON SAFEGUARD ACTIONS LIMITED OFFICIAL USE

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WOULD BE REQUIRED; (E) IMPOSITION OF SAFEGUARD MEASURES MUST CONFORM TO CERTAIN SPECIFIED STANDARDS, AND BE ACCOMPANIED BY ADJUSTMENT EFFORTS ON PART OF DOMESTIC INDUSTRY; (F) GOVERNMENTS REQUIRED TO GIVE PRIOR NOTIFICATION OF INTENT TO IMPOSE IMPORT RELIEF, (EXCEPTING EMERGENCY SITUATIONS) AND ONCE NOTIFIED, MEASURES WOULD BE SUBJECT TO CONSULTATION UNDER SPECIFIED TIME LIMITS AND PROCEDURES, (G)

A STANDING "MONITORING COMMITTEE" TO FACILITATE FUNCTIONING OF THE SYSTEM; (H) A MECHANISM FOR RESOLUTION, OF DISPUTES, WITH AID OF MONITORING COMMITTEE AND AN "INDEPENDENT ADVISORY BODY"; (I) FOR LDCS, CONTINUED MARKET ACCESS, WITH MODERATE GROWTH, PROVIDED TO LDC SMALL SUPPLIERS OR NEW ENTRANTS EXPORTING PRODUCTS SUBJECT TO SAFEGUARD ACTIONS (THIS FEATURE TEMPORARY IN LINE WITH U.S. 'GRADUATION' CONCEPT). IN CONJUNCTION WITH CODE, SIGNATORIES WOULD UNDERTAKE BROADER RANGE OF OBLIGATIONS TO ENSURE EFFECTIVE AND EQUITABLE OPERATION OF SAFEGUARD MECHANISM CREATED BY CODE: (A) NOTIFICATION AND CONSULTATION IN GATT ON ALL TRADE RESTRICTIVE ACTIONS, WHETHER OR NOT THESE WERE SAFEGUARD MEASURES, (B) BINDING OF ALL TARIFFS AT END OF MTN, (C) GIVING UP USE OF SOME OF GATT ARTICLE XXVIII TARIFF RENEGOTTIATION PROCEDURES, AND (D) DISCOURAGEMENT BY GOVERNMENTS OF AGREEMENTS AMONG PRIVATE OR PUBLIC ENTERPRISES TO RESTRAIN IMPORT COMPETITION.

3. U.S. EMPHASIZED THAT OUR PROPOSAL MOVES IN DIRECTION OF EARLIER LDC STATEMENTS AND REQUESTS BY PROVIDING, E.G., THAT SAFEGUARD ACTION MUST BE TEMPORARY, HAVE TIME LIMITS, BE DEGRESSIVE. WE SUGGESTED DELEGATIONS SHOULD ALSO APPRECIATE THAT SPECIAL PROVISION FOR LDC SMALL SUPPLIERS/NEW ENTRANTS IN U.S. PROPOSAL IS A SUBSTANTIAL RESPONSE TO PROVIDE SPECIAL/DIFFERENTIAL TREATMENT (S/D) WITHIN AN IMPROVED SYSTEM. (IN RESPONSE TO SUBSEQUENT LDC COMMENTS, WE STATED OUR PROPOSAL DOES NOT ENVISAGE SEPARATE S/D ITEM IN EACH SPECIFIC ELEMENT.)

4. EC (ABBOTT) WELCOMED UNITED STATES PROPOSAL AS BASIS LIMITED OFFICIAL USE

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FOR FURTHER DISCUSSION INDICATING COMMISSION WOULD PROBABLY HAVE SPECIFIC COMMENTS AT NEXT MEETING OF SAFEGUARD GROUP. HE REITERATED COMMISSION'S VIEW THAT THREE OMISSIONS FROM ARTICLE XIX UNDERMINE ADEQUACY OF PRESENT SYSTEM; (A) ABSENCE OF DETAILED CRITERIA FOR SAFEGUARD ACTION, SERIOUS INJURY, AND CRITICAL CIRCUMSTANCES, (B) ABSENCE OF INTERNATIONAL SURVEILLANCE SYSTEM; AND (C) ABSENCE OF SELECTIVITY IN APPLYING SAFEGUARD MEASURES. EC NOTED THAT U.S. PROPOSAL CALLS FOR ESTABLISHMENT OF INTERNATIONAL SURVEILLANCE AND INCLUDES SOME OTHER FEATURES OF INTEREST TO LDCS SUCH AS PRIOR NOTIFICATION. HE QUESTIONED REQUIREMENT FOR PUBLIC PROCEDURES IF ALL SIGNATORIES WERE FOLLOWING SAME STANDARDS IN TAKING SAFEGUARD ACTIONS.

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MRN: 1976MTN GE005882 SEGMENT NUMBER: 000002 ERROR READING TEXT INDEX
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ACTION STR-04

INFO OCT-01 STRE-00 ISO-00 FEA-01 AGR-05 CEA-01 CIAE-00

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INFO AMEMBASSY BRASILIA
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APPLICATION OF PROPOSAL TO LESS DEVELOPED COUNTRIES --
U.S. EXPECTS LDCS WHO SIGN THE CODE TO UNDERTAKE ALL
OF ITS OBLIGATIONS. U.S. CONFIRMED THAT SPECIAL LDC
PROVISION ON SMALL SUPPLIERS/NEW ENTRANTS WOULD NO
LONGER APPLY AFTER COUNTRIES "ACHIEVED A CERTAIN
LEVEL OF ECONOMIC DEVELOPMENT," NOTING THIS ISSUE NOT
LIMITED TO SAFEGUARDS BUT WILL ARISE ELSEWHERE IN MTN.

9. NOTING THAT DELEGATIONS HAD SPOKEN BOTH FOR AND
AGAINST POSSIBILITY OF INCLUDING SELECTIVE OR DISCRIMINA-
TORY (NON-MFN) ACTION IN THE SYSTEM, U.S. STATED
IT HAS NEITHER PROPOSED NOR PRECLUDED SELECTIVITY.
RATHER, ISSUE NEEDS TO BE EXAMINED IN CONTEXT OF
OVERALL SYSTE. U.S. WILL REACH A DECISION AT A
LATER TIME.

10. REFERRING TO CONCERN (RAISED BY JAPAN) THAT DETERRENCE
TO SAFEGUARD ACTION WOULD BE REMOVED THROUGH ADOPTION
U.S. PROPOSALS ON RETALIATION/COMPENSATION, U.S.
EMPHASIZED OUR PROPOSAL NOT INTENDED TO EASE DISCIPLINE
OF SYSTEM. TO CONTRARY, U.S. OBJECTIVE IS MORE
EQUITABLE AND RELIABLE SYSTEM IN PLACE OF EXISTING
INEFFECTIVE DETERRENCE TO SAFEGUARD ACTION AS
REFLECTED IN THE FACT THAT MANY GOVERNMENTS ARE
TAKING SAFEGUARD MEASURES OUTSIDE GATT ARTICLE XIX
PROCEDURE.

1. CONTENTIOUS STATEMENTS NEAR CLOSE OF MEETING
BY NIGERIA AND MEXICO, RESURRECTING LDC THEME OF
BLANKET EXEMPTION FROM SAFEGUARDS AND SEEKING MORE
DC COMMENT ON LDC PROPOSALS, PROMPTED LENGTHY
REJOINER BY EC REP. HE REITERATED COMMISSION'S
OPPOSITION TO BLANKET EXEMPTION BECAUSE ONE OR
MORE LDC EXPORTERS MIGHT IN FACT BE POTENTIAL CON-
TRIBUTOR TO SERIOUS INJURY. COMMISSION HAD
ALWAYS FAVORED A MORE FLEXIBLE MULTILATERAL SAFEGUARD
SYSTEM AND WITH SAME IT MIGHT BE ABLE TO EXEMPT THOSE
NOT CAUSING INJURY AND POSSIBLY LEAST DEVELOPED
COUNTRIES ALTOGETHER. REFERRING TO GSP EXPERIENCE HE NOTED
THAT ALL COUNTRIES NOT EQUAL IN TAKING ADVANTAGE OF
EXPORT OPPORTUNITIES AND COMMISSION WOULD HAVE TO
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TAKE INTO ACCOUNT FACT THAT LDCS COULD BECOME THE

MOST DYNAMIC EXPORTERS. COMMENTING ON FREQUENT LDC REFERENCES TO TOKYO DECLARATION, HE OBSERVED THAT GOVERNMENTS HAVE UNDERTAKEN TO EXAMINE PROVISION OF SPECIAL/DIFFERENTIATED TREATMENT IN VARIETY OF AREAS BUT THERE APPEARS TO BE LDC DISPOSITION TO CONCENTRATE ON PROVISION OF SUCH TREATMENT IN SAFEGUARDS TO EXCLUSION OF OTHER AREAS.

12. COMMENT: COLLECTIVELY, LDC REACTIONS TO U.S. PROPOSAL AT THIS MEETING SUGGEST THEY WILL RAISE CONTINUING BARRAGE ON (A) "GRADUATION" FROM SPECIAL BENEFIT STATUS, (B) IMPLICATION THAT THEY MUST BECOME SIGNATORIES TO PROPOSED CODE TO OBTAIN BENEFITS AND IN SO DOING ARE REQUIRED TO ASSUME SAME OBLIGATIONS AS DCS (INCLUDING BINDING ALL TARIFFS), AND (C) IMPLICATIONS OF CODE APPROACH FOR PRINCIPLE OF MFN TREATMENT, I.E., STATUS OF SIGNATORIES VS. NON-SIGNATORIES. END COMMENT.

13. MTN DEL POUCHING U.S. PROPOSAL STATEMENT TO ADDRESSEE POSTS. WALKER

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Message Attributes

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